

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2009-243-E - ORDER NO. 2009-471

JULY 15, 2009

IN RE: Application of Progress Energy Carolinas,	)	ORDER APPROVING
Inc. Requesting Approval of Supplementary	)	NON-FIRM STANDBY
and Non-Firm Standby Service	)	SERVICE
(Experimental) Rider NFS-2	)	(EXPERIMENTAL)
	)	RIDER NFS-2

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Application of Progress Energy Carolinas, Inc. (“PEC” or the “Company”) to implement Non-Firm Standby Service (Experimental) Rider NFS-2. According to PEC, its industrial customers have requested an alternative standby service rider that would be applicable to customers who own and operate electric generating facilities. The proposed rider does not require PEC to serve any more than an individual customer’s supplemental load when the customer’s generation is out of service, unless PEC determines that electricity or generation capacity is available from either PEC or the wholesale power market. The Company states that standby service is normally supplied by the customer’s generation, but PEC states that it will provide electricity on a “standby basis” when a customer’s generation is not operating.

The rider requires the customer to contract for a supplementary demand that would be available at all times and would be priced at standard tariff charges. The customer would also contract for a non-firm standby service demand that would only be

served if power was available from either PEC or wholesale market sources. PEC states it will install transmission and distribution facilities necessary to serve the customer's total contract demand, which is represented by the sum of the supplementary and non-firm standby demands.

The key features of the proposed rider are as follows:

- The rider is offered on an experimental basis for service until December 13, 2013. This period of implementation will allow PEC to review customer participation and response to non-firm periods and determine if changes are warranted before offering the rider on a permanent basis.
- Monthly charges for backstand, standby, or generation capacity reservation will not apply, since load normally served by the customer's generation will not be included in PEC's load forecast.
- Any protective equipment and distribution or transmission facilities required solely to serve the customer's non-firm standby demand requirement will be provided under the Company's additional facilities plan.
- Any usage above the supplementary service demand will be deemed to be non-firm standby usage and will be priced at a real time price rate that reflects PEC's generation cost during that hour of usage. To simplify PEC's administration of the rider, the rate will be identical to the hourly rate provided in the current Large General Service (Experimental Real Time Pricing) Schedule LGS-RTP.
- The non-firm standby service contract demand will automatically increase if the customer's usage exceeds the total contract demand.

- If PEC anticipates that it will have difficulty serving the customer's non-firm standby service requirements, PEC will declare a "non-firm period," which will not exceed 15 continuous hours in a day, and a minimum of 30 minutes prior notice will be provided before such declaration is made. The rider includes a \$110 monthly charge for the cost of the notification system. The system is identical to that presently used in the curtailment, dispatched power, and incremental power programs at the same monthly charge.

- During a non-firm period, any usage above the supplementary demand will be priced at the higher of (1) PEC's real time price hourly rate or (2) the prevailing wholesale market rate at the PJM Western Hub during the hour, plus 5 percent and any related transmission charges required to deliver the power to PEC's system. To assist the customer in deciding to either reduce usage to the supplementary service demand or continue to operate at the hourly rate, PEC's hourly real time price rates are available via a password secured website. Forecasts of the PJM hourly rates are also readily available from a public website for the customer's review, however, customer billing will be based on actual PJM costs incurred by PEC that are established at settlement several days after the event.

- PEC may either increase the supplementary demand or remove the customer from the rider if the customer continually fails to take all reasonable steps to ensure that usage doesn't exceed the supplementary demand during non-firm periods. This measure will ensure that PEC is not required to install generation to meet a customer's non-firm standby demand needs.

Lastly, the Company states that non-firm periods will be declared in accordance with PEC's General Load Reduction and System Restoration Plan. Non-Firm Standby Service is considered to be a Reliability Level 2 event and will be implemented in conjunction with curtailment of PEC non-essential loads and a general public appeal to reduce usage.

The Office of Regulatory Staff submitted a response to PEC's application on June 22, 2009, expressing that it has no objection to the proposed experimental rider. We find that Non-Firm Standby Service (Experimental) Rider NFS-2 will allow PEC to serve supplementary load to certain customers whenever these customers' own generation is not in service and when the transmission or electric capacity from the wholesale power market will not be available. We note that PEC's request for (Experimental) Rider NFS-2 is at the request of these certain customers who own and operate their own generating facilities. Non-Firm Standby Service (Experimental) Rider NFS-2 is approved and may be implemented until December 13, 2013, which will allow PEC to review customer participation and response to non-firm periods and determine if changes are warranted before requesting to offer the rider on a permanent basis

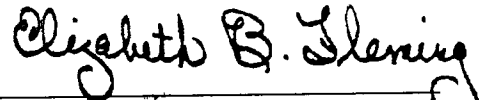
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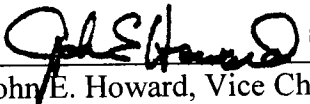
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Elizabeth B. Fleming, Chairman

ATTEST:



John E. Howard, Vice Chairman

(SEAL)